

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Dorr*  
*Allegan County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

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## INDEPENDENT AUDITORS' REPORT

**Township Board  
Township of Dorr, Michigan**

**We have audited the accompanying financial statements of the governmental activities, the discretely-presented component unit, and each major fund of the Township of Dorr, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township of Dorr, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Dorr, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.**

**We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.**

**In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely-presented component unit, and each major fund of the Township of Dorr, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.**

**As described in Note 14, the Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.**

**The budgetary comparison information on pages 21 - 23, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.**

Township Board  
Township of Dorr, Michigan  
Page 2

The Township of Dorr, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

*Siegfried Crandall P.C.*

July 13, 2005

## **BASIC FINANCIAL STATEMENTS**

**Township of Dorr**  
**STATEMENT OF NET ASSETS**  
*March 31, 2005*

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 920,167	\$ 324,732
Receivables, net	346,022	35,033
Prepaid expense	87,151	-
Total current assets	<u>1,353,340</u>	<u>359,765</u>
Noncurrent assets:		
Receivables, net	1,212,293	-
Capital assets, net of accumulated depreciation	<u>2,091,647</u>	<u>-</u>
Total noncurrent assets	<u>3,303,940</u>	<u>-</u>
Total assets	<u>4,657,280</u>	<u>359,765</u>
<b>LIABILITIES</b>		
Current liabilities:		
Payables	104,751	1,554
Deferred revenue	905,000	-
Current portion of long-term obligations	<u>319,342</u>	<u>-</u>
Total current liabilities	<u>1,329,093</u>	<u>1,554</u>
Noncurrent liabilities:		
Long-term obligations	<u>761,901</u>	<u>-</u>
Total liabilities	<u>2,090,994</u>	<u>1,554</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,617,393	-
Restricted for:		
Public safety	6,325	-
Public works	110,196	-
Recreation and culture	106,563	-
Debt service	306,909	-
Unrestricted	<u>418,900</u>	<u>358,211</u>
Total net assets	<u>\$ 2,566,286</u>	<u>\$ 358,211</u>

See notes to the financial statements

**Township of Dorr**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

				<u>Net (expenses) revenues and changes in net assets</u>	
		<u>Program revenues</u>		<u>Primary government</u>	<u>Component unit</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
<b>Functions/Programs</b>	<u>Expenses</u>				
Governmental activities:					
Legislative	\$ 10,547	\$ -	\$ -	\$ (10,547)	
General government	319,653	13,457	-	(306,196)	
Public safety	254,593	68,223	2,680	(183,690)	
Public works	144,375	43,314	10,821	(90,240)	
Health and welfare	6,000	-	-	(6,000)	
Community and economic development	23,376	7,000	-	(16,376)	
Culture and recreation	238,745	53,566	14,755	(170,424)	
Interest on long-term debt	63,255	44,102	-	(19,153)	
Total primary government	<u>\$ 1,060,544</u>	<u>\$ 229,662</u>	<u>\$ 28,256</u>	<u>(802,626)</u>	
<b>Component unit</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
General revenues					
Property taxes				555,879	35,033
Franchise fees				19,729	-
State grants				459,614	-
Investment income				11,757	1,595
Miscellaneous				5,774	-
Total general revenues				<u>1,052,753</u>	<u>36,628</u>
Change in net assets				250,127	36,628
Net assets - beginning				<u>2,316,159</u>	<u>321,583</u>
Net assets - ending				<u>\$ 2,566,286</u>	<u>\$ 358,211</u>

See notes to the financial statements

**Township of Dorr**  
**BALANCE SHEET - governmental funds**  
 March 31, 2005

	<u>General</u>	<u>Special revenue Public Improvement</u>	<u>Debt service Sewer assessment</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 41,022	\$ 390,878	\$ 52,962	\$ 435,305	\$ 920,167
Receivables, net	86,012	-	1,447,792	24,511	1,558,315
Due from other funds	-	-	-	86,084	86,084
Prepaid expenses	21,715	-	65,436	-	87,151
Total assets	<u>\$ 148,749</u>	<u>\$ 390,878</u>	<u>\$ 1,566,190</u>	<u>\$ 545,900</u>	<u>\$ 2,651,717</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 34,643	\$ -	\$ 52,962	\$ 2,974	\$ 90,579
Due to other funds	86,084	-	-	-	86,084
Deferred revenue	-	-	1,513,228	-	1,513,228
Total liabilities	<u>120,727</u>	<u>-</u>	<u>1,566,190</u>	<u>2,974</u>	<u>1,689,891</u>
Fund balances - unreserved:					
Designated	-	390,878	-	-	390,878
Undesignated	<u>28,022</u>	<u>-</u>	<u>-</u>	<u>542,926</u>	<u>570,948</u>
Total fund balances	<u>28,022</u>	<u>390,878</u>	<u>-</u>	<u>542,926</u>	<u>961,826</u>
Total liabilities and fund balances	<u>\$ 148,749</u>	<u>\$ 390,878</u>	<u>\$ 1,566,190</u>	<u>\$ 545,900</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	2,091,647
Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	608,228
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds	(14,172)
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,081,243)
Net assets of <i>governmental activities</i>	<u>\$ 2,566,286</u>

See notes to the financial statements

**Township of Dorr**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
governmental funds**

Year ended March 31, 2005

	<u>General</u>	<u>Special revenue Public Improvement</u>	<u>Debt service Sewer assessment</u>	<u>Nonmajor govern- mental funds</u>	<u>Total govern- mental funds</u>
<b>REVENUES</b>					
Taxes	\$ 193,904	\$ -	\$ -	\$ 361,975	\$ 555,879
Licenses and permits	87,977	-	-	-	87,977
State grants	479,457	-	-	8,413	487,870
Charges for services	17,257	-	-	3,864	21,121
Fines and forfeitures	-	-	-	46,193	46,193
Interest and rentals	11,186	3,209	44,102	537	59,034
Other	3,775	-	203,624	48,822	256,221
Total revenues	<u>793,556</u>	<u>3,209</u>	<u>247,726</u>	<u>469,804</u>	<u>1,514,295</u>
<b>EXPENDITURES</b>					
Legislative	10,161	-	-	386	10,547
General government	302,362	-	-	-	302,362
Public safety	203,117	-	-	-	203,117
Public works	93,069	-	-	38,238	131,307
Health and welfare	6,000	-	-	-	6,000
Community and economic development	23,376	-	-	-	23,376
Culture and recreation	78,343	-	-	128,333	206,676
Capital outlay	24,371	-	-	7,206	31,577
Debt service:					
Principal	-	-	203,624	114,148	317,772
Interest	-	-	44,102	21,812	65,914
Total expenditures	<u>740,799</u>	<u>-</u>	<u>247,726</u>	<u>310,123</u>	<u>1,298,648</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>52,757</u>	<u>3,209</u>	<u>-</u>	<u>159,681</u>	<u>215,647</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	83,962	139,500	-	80,000	303,462
Transfers out	(219,500)	-	-	(83,962)	(303,462)
Total other financing sources (uses)	<u>(135,538)</u>	<u>139,500</u>	<u>-</u>	<u>(3,962)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(82,781)</u>	<u>142,709</u>	<u>-</u>	<u>155,719</u>	<u>215,647</u>
<b>FUND BALANCES - BEGINNING</b>	<u>110,803</u>	<u>248,169</u>	<u>-</u>	<u>387,207</u>	<u>746,179</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 28,022</u>	<u>\$ 390,878</u>	<u>\$ -</u>	<u>\$ 542,926</u>	<u>\$ 961,826</u>

See notes to the financial statements

**Township of Dorr**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
governmental funds (Continued)**

Year ended March 31, 2005

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Net change in fund balances - total governmental funds	\$ 215,647
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$112,081) exceeded capital outlays (\$29,754) in the current period.	(82,327)
Interest expense uses current financial resources and, therefore, is reported in the funds. This is the amount by which accrued interest decreased in the current period	2,659
Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds. Deferred special assessment revenues decreased by this amount in the current period.	(203,624)
Repayment of note and contract principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>317,772</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 250,127</u>

***Township of Dorr***

**STATEMENT OF FIDUCIARY NET ASSETS - *agency fund***

*March 31, 2005*

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**ASSETS**

Cash	\$	41,551
Due from other units		<u>12,319</u>
Total assets	\$	<u>53,870</u>

**LIABILITIES**

Payables	\$	<u>53,870</u>
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*See notes to the financial statements*

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Dorr, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

*a) Reporting entity:*

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

*Discretely-presented component unit:*

The Dorr Township Downtown Development Authority (the Authority) meets the criteria of a component unit and has been included in the Township's general purpose financial statements as a discretely-presented component unit. This unit is reported in a separate column to emphasize it is legally separate from the Township. The Authority has a March 31 year end. The Authority's administrative office is located at 1512 140th, Wayland, Michigan 49348.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Public Improvement Fund accounts for the financial resources used to make expenditures for major capital outlays, as designated by the Township Board.

The Sewer Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments.

The Township reports a single fiduciary fund, the Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (continued):**

*ii) Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

*iv) Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 10 years
Vehicles	10 - 20 years
Infrastructure	40 years

*v) Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

*vi) Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*vii) Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variation:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Other financing uses	\$ 109,500	\$ 219,500	\$ (110,000)

**NOTE 3 - CASH:**

Cash as presented in the accompanying financial statements, consists of the following:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Total primary government</u>	<u>Total component unit</u>	<u>Totals</u>
Deposits	\$ 920,167	\$ 41,551	\$ 961,718	\$ 324,732	\$ 1,286,450

*Deposits with financial institutions:*

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$961,718 and a bank balance of \$992,594. Of the bank balance, \$206,239 is covered by federal depository insurance and \$786,355 is uninsured.

The Authority's cash is deposited with financial institutions authorized by statute. At March 31, 2005, the Authority has deposits with a carrying amount and bank balance of \$324,732. Of the bank balance, \$126,559 is covered by federal depository insurance and \$198,173 is uninsured.

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

At March 31, 2005, the Township's receivables were as follows:

	<u>Accounts</u>	<u>Property taxes</u>	<u>Special Assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental activities:					
General Fund	\$ 6,090	\$ 9,606	\$ -	\$ 70,316	\$ 86,012
Sewer Assessment Fund	-	-	1,447,792	-	1,447,792
Road Fund	-	9,381	-	-	9,381
Street Lighting Fund	-	2,158	-	-	2,158
Library Fund	-	-	-	3,425	3,425
Fire Equipment Fund	-	4,690	-	-	4,690
Library Debt Fund	-	4,857	-	-	4,857
Total governmental activities	<u>\$ 6,090</u>	<u>\$ 30,692</u>	<u>\$ 1,447,792</u>	<u>\$ 73,741</u>	<u>\$ 1,558,315</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,212,293</u>	<u>\$ -</u>	<u>\$ 1,212,293</u>
Component unit:					
Dorr Township Downtown Development Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,033</u>	<u>\$ 35,033</u>

All receivables are due within one year and are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 260,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,555</u>
Capital assets being depreciated:				
Buildings and improvements	1,352,510	11,063	-	1,363,573
Equipment	363,998	1,000	-	364,998
Vehicles	859,155	-	-	859,155
Library collections	<u>137,677</u>	<u>17,691</u>	<u>-</u>	<u>155,368</u>
Subtotal	<u>2,713,340</u>	<u>29,754</u>	<u>-</u>	<u>2,743,094</u>

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS (Continued):**

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Less accumulated depreciation for:				
Buildings and improvements	(309,886)	(30,647)	-	(340,533)
Equipment	(124,395)	(24,214)	-	(148,609)
Vehicles	(293,245)	(41,683)	-	(334,928)
Library collections	<u>(72,395)</u>	<u>(15,537)</u>	<u>-</u>	<u>(87,932)</u>
Subtotal	<u>(799,921)</u>	<u>(112,081)</u>	<u>-</u>	<u>(912,002)</u>
Total capital assets being depreciated (net)	<u>1,913,419</u>	<u>(82,327)</u>	<u>-</u>	<u>1,831,092</u>
Governmental activities capital assets, net	<u>\$ 2,173,974</u>	<u>\$ (82,327)</u>	<u>\$ -</u>	<u>\$ 2,091,647</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,617
Public safety	51,476
Recreation and culture	<u>46,988</u>
Total governmental activities	<u>\$ 112,081</u>

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At March 31, 2005, the composition of interfund balances was as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ <u>86,084</u>	Road	\$ <u>86,084</u>

A summary of interfund transfers for the year ended March 31, 2005, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	\$ 83,962	Road	\$ (83,962)
Public Improvement	139,500	General	<u>(219,500)</u>
Library	<u>80,000</u>		
Totals	<u>\$ 303,462</u>	Totals	<u>\$ (303,462)</u>

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued):**

The transfer to the General Fund represents restricted revenues collected in the Road Fund to pay for maintenance costs of the Road Activities accounted for in the General Fund.

The transfer to the Public Improvements Fund represents resources accumulated for future capital outlays.

The transfer to the Library Fund represents the Township's budgeted annual operating subsidy to support Library operations.

**NOTE 7 - PAYABLES:**

At March 31, 2005, the Township's payables were as follows:

	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental activities:			
General Fund	\$ 33,762	\$ 881	\$ 34,643
Sewer Assessment Fund	-	52,962	52,962
Street Lighting Fund	<u>2,974</u>	<u>-</u>	<u>2,974</u>
Total governmental activities	<u>\$ 36,736</u>	<u>\$ 53,843</u>	<u>\$ 90,579</u>

**NOTE 8 - DEFERRED REVENUE:**

As of March 31, 2005, deferred revenue consists of sewer special assessments unavailable to liquidate liabilities in the current period in the amount of \$608,228, and unearned special assessments totaling \$905,000.

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS:**

At March 31, 2005, long-term liabilities are comprised of the following individual issues:

Governmental activities:

Notes payable:

\$550,000 note payable (PA 99) for construction of Township Library; due in annual installments of \$67,200, including interest at 4.75% through July 2010 \$ 340,021

\$200,000 note payable (PA 99) for the purchase of Township Fire Truck; due in annual installments of \$68,760, including interest at 1.65% through May 2006 134,233

Total notes payable 474,254

Contracts payable:

\$338,194 - 1992 sewer assessment, due in annual installments through 2008, interest at approximately 5.50% 26,140

\$2,105,705 - 1999 sewer assessment, due in annual installments through 2009, interest at approximately 4.30% 580,849

Total contracts payable 606,989

Total governmental activities long-term obligations \$ 1,081,243

Long-term obligation activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Note Payable - Library Construction	\$ 388,402	\$ -	\$ (48,381)	\$ 340,021	\$ 51,049
Note Payable - Fire Truck	200,000	-	(65,767)	134,233	66,545
1992 Sewer Assessment	38,013	-	(11,873)	26,140	10,671
1999 Sewer Assessment	<u>772,600</u>	<u>-</u>	<u>(191,751)</u>	<u>580,849</u>	<u>191,077</u>
Total governmental activities	<u>\$ 1,399,015</u>	<u>\$ -</u>	<u>\$ (317,772)</u>	<u>\$ 1,081,243</u>	<u>\$ 319,342</u>

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 9 - LONG-TERM OBLIGATIONS (Continued):**

Debt service requirements at March 31, 2005, were as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 319,342	\$ 44,781
2007	322,914	32,454
2008	251,889	19,994
2009	66,293	8,853
2010	61,462	5,738
2011	<u>59,343</u>	<u>2,819</u>
Totals	<u>\$ 1,081,243</u>	<u>\$ 114,639</u>

**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for all of its employees except volunteer firemen and seasonal employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date of employment. The Township is required to contribute 10% - 25% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township and employees made required contributions of \$13,784 and \$7,584 respectively.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 11 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

Revenues	\$ 69,223
Expenses	<u>68,756</u>
Excess of revenues over expenses	<u>\$ 467</u>

**NOTE 12 - JOINT VENTURES:**

The Township, together with the Township of Leighton, established a joint wastewater treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township is contingently liable for \$2,027,723 of the authority's outstanding bonds payable, a portion of which is to be repaid from collections of special assessments levied against properties within the Township. Contracts payable equal to the outstanding assessment balances are included in the Township's general long-term debt.

**Township of Dorr**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 13 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets, as previously reported	\$ 746,179
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	2,173,974
Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	811,852
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds	(16,831)
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,399,015)</u>
Net assets, as restated	<u>\$ 2,316,159</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Dorr****BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 185,500	\$ 185,500	\$ 193,904	\$ 8,404
Licenses and permits	91,025	91,025	87,977	(3,048)
State grants	462,900	462,900	479,457	16,557
Charges for services	13,900	13,900	17,257	3,357
Interest and rentals	1,000	1,000	11,186	10,186
Other	21,043	21,043	3,775	(17,268)
Total revenues	<u>775,368</u>	<u>775,368</u>	<u>793,556</u>	<u>18,188</u>
<b>EXPENDITURES</b>				
Legislative	<u>9,800</u>	<u>9,800</u>	<u>10,161</u>	<u>(361)</u>
General government:				
Supervisor	19,200	19,200	19,838	(638)
Election	10,000	15,400	14,633	767
Assessor	26,000	26,000	26,000	-
Clerk	18,200	18,200	19,413	(1,213)
Board of review	750	750	750	-
Treasurer	26,400	26,400	20,205	6,195
Hall and grounds	50,000	50,000	31,580	18,420
Cemetery	25,000	25,000	12,715	12,285
Other	149,100	153,600	157,228	(3,628)
Total general government	<u>324,650</u>	<u>334,550</u>	<u>302,362</u>	<u>32,188</u>
Public safety:				
Police	50,000	50,000	48,904	1,096
Fire	85,000	86,000	85,457	543
Building inspections	<u>75,000</u>	<u>75,000</u>	<u>68,756</u>	<u>6,244</u>
Total public safety	<u>210,000</u>	<u>211,000</u>	<u>203,117</u>	<u>7,883</u>
Public works:				
Highways and streets	125,000	125,000	57,985	67,015
Street lighting	1,100	1,100	400	700
Drains	20,000	20,000	15,574	4,426
Recycling	<u>10,500</u>	<u>19,500</u>	<u>19,110</u>	<u>390</u>
Total public works	<u>156,600</u>	<u>165,600</u>	<u>93,069</u>	<u>72,531</u>

**Township of Dorr****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Health and welfare - ambulance	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Community and economic development - planning and zoning	19,600	25,600	23,376	2,224
Recreation and culture:				
Parks and recreation	75,000	75,000	68,058	6,942
Library	14,000	14,000	10,285	3,715
Total recreation and culture	89,000	89,000	78,343	10,657
Capital outlay	29,743	29,743	24,371	5,372
Total expenditures	845,393	871,293	740,799	130,494
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(70,025)</u>	<u>(95,925)</u>	<u>52,757</u>	<u>148,682</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer from Road Fund	125,000	125,000	83,962	(41,038)
Transfer to Public Improvement Fund	(29,500)	(29,500)	(139,500)	(110,000)
Transfer to Library Fund	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	15,500	15,500	(135,538)	(151,038)
<b>NET CHANGE IN FUND BALANCES</b>	(54,525)	(80,425)	(82,781)	(2,356)
<b>FUND BALANCES - BEGINNING</b>	110,803	110,803	110,803	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 56,278</u>	<u>\$ 30,378</u>	<u>\$ 28,022</u>	<u>\$ (2,356)</u>

**Township of Dorr****BUDGETARY COMPARISON SCHEDULE - Public Improvement Fund**

Year ended March 31, 2005

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Interest	\$ 2,000	\$ 2,000	\$ 3,209	\$ 1,209
<b>OTHER FINANCING SOURCES</b>				
Transfer from General Fund	<u>29,500</u>	<u>29,500</u>	<u>139,500</u>	<u>110,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	31,500	31,500	142,709	111,209
<b>FUND BALANCES - BEGINNING</b>	<u>248,169</u>	<u>248,169</u>	<u>248,169</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 279,669</u>	<u>\$ 279,669</u>	<u>\$ 390,878</u>	<u>\$ 111,209</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Dorr****COMBINING BALANCE SHEET - non-major governmental funds**

March 31, 2005

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	<i>Special revenue</i>			
	<i>Road Fund</i>	<i>Liquor Law Enforcement Fund</i>	<i>Street Lighting Fund</i>	<i>Library Fund</i>
<b>ASSETS</b>				
Cash	\$ -	\$ 6,325	\$ 15,547	\$ 103,138
Receivables, net	9,381	-	2,158	3,425
Due from other funds	86,084	-	-	-
TOTAL ASSETS	<u>\$ 95,465</u>	<u>\$ 6,325</u>	<u>\$ 17,705</u>	<u>\$ 106,563</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities - account payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,974</u>	<u>\$ -</u>
Fund balances - unreserved, undesignated	<u>95,465</u>	<u>6,325</u>	<u>14,731</u>	<u>106,563</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 95,465</u>	<u>\$ 6,325</u>	<u>\$ 17,705</u>	<u>\$ 106,563</u>

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<i>Debt service</i>		
<i>Fire Equipment Fund</i>	<i>Library Debt Fund</i>	<i>Totals</i>
\$ 183,042	\$ 127,253	\$ 435,305
4,690	4,857	24,511
-	-	86,084
<u>\$ 187,732</u>	<u>\$ 132,110</u>	<u>\$ 545,900</u>
\$ -	\$ -	\$ 2,974
<u>187,732</u>	<u>132,110</u>	<u>542,926</u>
<u>\$ 187,732</u>	<u>\$ 132,110</u>	<u>\$ 545,900</u>

**Township of Dorr****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - non-major governmental funds**

Year ended March 31, 2005

	<i>Special revenue</i>			
	<i>Road Fund</i>	<i>Liquor Law Enforcement Fund</i>	<i>Street Lighting Fund</i>	<i>Library Fund</i>
<b>REVENUES:</b>				
Taxes	\$ 179,427	\$ -	\$ -	\$ -
State grants	-	2,679	-	5,734
Charges for services	-	-	-	3,864
Fines and forfeitures	-	-	-	46,193
Interest	-	-	-	537
Other	-	-	43,314	5,508
Total revenues	<u>179,427</u>	<u>2,679</u>	<u>43,314</u>	<u>61,836</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public works	-	-	38,238	-
Recreation and culture	-	-	-	128,333
Capital outlay	-	-	-	7,206
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>38,238</u>	<u>135,539</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>179,427</u>	<u>2,679</u>	<u>5,076</u>	<u>(73,703)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	80,000
Transfers out	<u>(83,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(83,962)</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>95,465</u>	<u>2,679</u>	<u>5,076</u>	<u>6,297</u>
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>3,646</u>	<u>9,655</u>	<u>100,266</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 95,465</u>	<u>\$ 6,325</u>	<u>\$ 14,731</u>	<u>\$ 106,563</u>

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<i>Debt service</i>		
<i>Fire Equipment Fund</i>	<i>Library Debt Fund</i>	<i>Totals</i>
\$ 89,679	\$ 92,869	\$ 361,975
-	-	8,413
-	-	3,864
-	-	46,193
-	-	537
-	-	48,822
<u>89,679</u>	<u>92,869</u>	<u>469,804</u>
121	265	386
-	-	38,238
-	-	128,333
-	-	7,206
65,767	48,381	114,148
2,993	18,819	21,812
<u>68,881</u>	<u>67,465</u>	<u>310,123</u>
<u>20,798</u>	<u>25,404</u>	<u>159,681</u>
-	-	80,000
-	-	(83,962)
-	-	(3,962)
20,798	25,404	155,719
<u>166,934</u>	<u>106,706</u>	<u>387,207</u>
<u>\$ 187,732</u>	<u>\$ 132,110</u>	<u>\$ 542,926</u>